

COMMUNICATION FROM STAFF  
MEMBER OF CHIEF ADMINISTRATIVE  
OFFICER OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from Kay Ford, Associate Administrator of the Office of Human Resources of the House of Representatives:

OFFICE OF THE CHIEF ADMINISTRATIVE  
OFFICER, U.S. HOUSE OF REPRESENTATIVES,

Washington, DC, October 14, 1998.

Hon. NEWT GINGRICH,

Speaker of the House, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you pursuant to Rule L (50) of the Rules of the House that the Office of the Chief Administrator has been served with a subpoena issued by the Superior Court of the District of Columbia.

After consultation with the General Counsel, I will make the determinations required by Rule L (50).

Sincerely,

KAY FORD,  
Associate Administrator, Office  
of Human Resources.

THE BUDGET AGREEMENT AND  
THE ACHIEVEMENTS OF THE  
105TH CONGRESS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Georgia (Mr. GINGRICH) is recognized for 60 minutes as the designee of the majority leader.

Mr. GINGRICH. Mr. Speaker, I want to talk about the budget agreement and the achievements of this Congress. This is probably the next to the last day that we will be in session, and it seems to me appropriate to look back, not just over the last 2 years, but over the last 4 years, because this is sort of the end of phase two of what has been a very dramatic change in policy.

Four years ago, for the first time in 40 years, since 1954, the American people asked a Republican leadership to take over the Congress. We came with a set of goals. We had campaigned on a Contract With America, where we said that we would balance the budget, reform welfare, cut taxes, strengthen defense. We worked very hard at that.

We had to learn a lot. No member of the Republican majority in the House had ever served in the majority as a Republican, except the late Bill Emerson, who was here as a page, a sophomore or junior in high school, when the Republicans were last in charge. So we did not know a great deal about the complexities of our system.

□ 1400

We passed bills in the House. In fact, we met our commitment under the Contract With America, and we passed all the bills except one that was in the Contract within the first 93 days. But then they went to the Senate, and we learned the hard way that the other body can be more complex and more difficult. And then even when we worked out agreements with the Sen-

ate, we discovered that under the Constitution with the President's power of the veto, working things out between conservative Republicans and a liberal Democrat can be very complex.

One of the reasons I am so proud of the budget negotiations of the last few weeks is that I think we took into account that complex constitutional provision and we established an opportunity for us to continue to move in a direction we believe in, while recognizing the power of the President's veto pen and recognizing that on some issues the other body does not fully agree with us. This occurs, I think, in a backdrop of frankly pretty remarkable successes.

Probably the most powerful single items we campaigned on in 1994 were reforming welfare and balancing the budget. And the track record is clear. In the last Congress, we passed welfare reform three times. It was vetoed twice, and the third time it was signed into law.

Today, because of that Republican welfare reform bill signed by a Democratic President in a bipartisan effort, there are 3½ million fewer people on welfare, 3½ million more people in the private sector. That means we have been liberating poor people from being trapped in public housing, living on food stamps, and Aid to Families and Dependent Children. We have been giving them the kind of training, the kind of job opportunities, we have opened up for them the opportunity to go to live a better life with a better income, to have a chance to climb the ladder of opportunity.

But there was an important secondary effect which had been felt by every State government, most city governments, and now by the Federal Government. And that is when we take 3½ million people who have been living on welfare, drawing money from the government, and put them out into the private sector where they are paying taxes, we change the cash flow of the government very dramatically.

This has helped State after State. I noticed it in Montana. It had a 50 percent decline. There are counties in Oklahoma that have had a 70 percent decline in welfare rolls. In New York City, Mayor Rudy Giuliani has announced that his goal is to have no one on welfare after the year 2000. Every able-bodied adult will either be working or being trained to work, but no one will be sitting passively receiving welfare.

These are very dramatic changes. That was the number one change of the first 2 years that the Republicans were in charge of the Congress in this cycle.

But in that period, as powerful and as important as welfare reform was, it did not meet all of our goals. We were not strengthening defense. We were stopping the liberals from cutting defense, but we were not strengthening it. We were not cutting taxes. We had not balanced the budget.

So, we came back and last year, in a very difficult, very complex negotia-

tion with the President, at the end of July we reached a bipartisan agreement. And it was historic. Last year, we saved Medicare. We passed the entitlement reforms to balance the budget, and we cut taxes, including a cut in the capital gains tax to continue economic growth, giving us what will soon be the longest peacetime expansion in American history. Including a cut in the death tax as a step towards abolishing the death tax, because we do not believe it is right to punish parents and grandparents when they work and save all their lives by having them taxed when they die. Including a \$500 per child tax credit, which we had committed to in the Contract With America, because we believed, and do believe now, that it is important for parents to have the money in their take-home pay so that parents are in a position that they can spend the money on their children. And that is why we thought a \$500 per child tax credit was a good idea.

I happened to be with Governor Terry Branstad at one point when the septuplets were born, and we were talking about what it meant to have \$500 a year tax credit when a family has that many children, and how much they need the money and, as I went into, parents all over America who have two or three children who might be working at a job where that extra \$1,500 a year is a big deal. We are grateful and glad that we could pass and get signed into law the \$500 per child tax credit.

We also passed educational tax breaks last year, which the President proposed and we adopted together, and on a bipartisan basis we did some things that were good for education, particularly at the college and vocational-technical level.

Because we saved Medicare without raising the FICA tax, which would have killed jobs; because we reformed the entitlements and saved \$600 billion; because we were able to cut spending on the domestic discretionary side, and there I commend the gentleman from Louisiana (Mr. BOB LIVINGSTON) for his hard work; because we were able to cut taxes to continue economic growth, the budget in the fiscal year that just ended, fiscal year 1998, is balanced for the first time since 1969.

Now that is a tremendous achievement. \$71 billion is the current projection. We will know the exact number in a couple more weeks when the Treasury reports. But the estimate now is that the budget was balanced not in 2002, when we promised we would balance it; not in 2005, which was the President's proposal; it is balanced in 1998, 4 years ahead of schedule.

And of the \$71 billion, every penny will be put aside, actually to pay down the debt as a step toward saving Social Security. Every penny, the largest surplus, I think, in American history. And the important thing is, it is being followed this year, and we are now in fiscal 1999, the fiscal years run from October to October, now in this fiscal year,

we will have another surplus. The current estimate is it will be at least \$60 billion on top of last year's \$71 billion.

In fact, because of our hard work over the last 4 years, because we reformed welfare, because we reformed the entitlements, because we cut domestic spending, because we cut taxes to increase economic growth, and because when we balance the budget we lower interest rates, because the Federal Government is the largest borrower, and when the Federal Government does not have to borrow, interest rates come down, the estimate is they come down by at least 2 full percentage points at the same stage of an economic cycle from where we are borrowing, here are the numbers that I think are truly historic:

This Congress, with Republican leadership working with a Democratic President, this Congress moved us from January 1995, when the projection was that we would borrow \$3.1 trillion over the next 11 years. The numbers are almost unimaginable. Let me repeat them. The projection when we took over, after the liberal Democrats had raised taxes and claimed it was deficit reduction, the projection was that our government would be borrowing \$3.1 trillion over the next 11 years.

That is \$3.1 trillion that our children and our grandchildren would spend all of their lives paying taxes to pay interest on that Federal debt. Instead today, because of the Republican reforms working with a Democratic President, because the Republican reforms worked, we are talking about a surplus of \$1.65 trillion. Let me repeat that number, because it is, again, big. A surplus of \$1.65 trillion.

That is why the House Republicans this year said we ought to consider a tax cut, because we believe it is very important to get that surplus back home so that Americans have it in their pocket. Because, frankly, the only reason we have a surplus is the American people go to work, pay their taxes, and send the money to Washington.

I was often asked, when it was announced that we had a balanced budget, and on September 30 and October 1, at the end of the fiscal year, there were a lot of people talking here in Washington and reporters would come up to me and say, "Well, President Clinton claims that he deserves credit for the balanced budget. What do you think?" And I think they thought we would get into a Republican-Democrat argument.

I said, "Wait a second. I think Republicans deserve 5 percent of the credit. I think the President deserves 5 percent of the credit. But I think 90 percent of the credit goes to working, taxpaying Americans who got up every day, went out and either created a job or went to a job. They paid their taxes. It is their money that created the surplus."

It was not the Republicans in Congress' taxes and it was not the President's taxes. We together do not pay enough to run this government for a

day or an hour. It was the country. Let us give the country some credit, which means it is the country's surplus.

We Republicans believe that there are two things that we should do with that surplus. We believe first that its highest priority is to save Social Security. And we believe we can create personal savings accounts for every person who pays the FICA tax so that they have money they control, that they will be able to have built up interest on a tax-free basis so over their working lifetime they have a base amount of money that is a part of the Social Security system.

We believe, second, every penny left over above that ought to go back to the American people as a tax cut. But we also believe that if we leave a trillion dollars sitting around Washington, D.C., liberals will figure out a way to spend it and we will have bigger government with more bureaucracies and we think that is wrong. We think that money belong to the American people, not to the Washington bureaucrats.

So, here we are today, having just put in the bank \$71 billion, with a projected \$60 billion to \$80 billion surplus this year and with the Federal Reserve yesterday lowering interest rates again, continuing the economic growth which continues the opportunity for us to do good things for Americans.

It was in that setting, having reformed welfare, cut taxes, balanced the budget, and saved Medicare that we went into this year's negotiations with the President. We had several very specific goals.

First, we wanted to begin to rebuild national defense. Second, we wanted to pass very strong anti-drug legislation. Third, we wanted to keep Internet pornography away from our children. Fourth, on education, we wanted to guarantee that spending decisions would be made at the local level.

These are very important steps. We also, frankly, were in a stalemate. The President refused to consider a tax cut and we refused to consider \$135 billion in increased taxes and fees that he had proposed. So, we blocked his tax increases, he blocked the Republican tax cuts, and that was sort of a stalemate.

We also knew that there were some practical problems. I had been traveling across the country. I knew that from Georgia to Louisiana to Texas, there were terrible weather conditions which had hurt family farms. I knew that in North Dakota and South Dakota and Montana there were unique problems. I knew that the drop in farm prices was causing American farmers a very great difficulty, because with the Asian economic problems we had lost a substantial number of markets that had been very important on to American farmers. So, we knew there had to be emergency help for farming.

All of us knew, from the tragic embassy bombings this summer, that there were problems with our embassies and that we had to spend some extra emergency money to protect our

embassies and that that was a matter of national pride. That if we had people out there serving America in embassies around the world, we owed it to them to strengthen the embassies against terrorist attack and terrorist bombing.

We also knew that we had a year 2000 problem that was very real in terms of computers and being able to solve that, and that it would be irresponsible, irresponsible for us to not provide the resources to solve the problem of the year 2000 in government computing so that aircraft could land safely, so that Social Security checks could go out, so that the IRS could work, the INS could work, and all of the other things that we have been working on, including the FBI, national defense and a whole range of key areas. So, we knew that would be an emergency.

So, as we entered this negotiation, we continued a process of commitment to reform which had been a part of the way we had been working for the last 4 years. And sometimes let me say these reforms take time. We established first a commission on the Internal Revenue Service. The gentleman from Ohio (Mr. PORTMAN) cochaired that commission. They reported a need to dramatically reform the Internal Revenue Service.

Then we had hearings by the Committee on Ways and Means on the need to reform the Internal Revenue Service, and the Senate Finance Committee did an outstanding job on hearings, listening to horror stories about what was wrong with the Internal Revenue Service.

Then we had a bill produced, working in a bipartisan basis with the gentleman from Ohio (Mr. TRAFICANT), a Democrat who had spent years of his life dedicated to reforming the Internal Revenue Service. And, finally, we produced and passed by a large margin a Republican-led but bipartisan effort which the Democratic President signed. We proved, once again, that America could work, because we did change the Internal Revenue Service and we returned the burden of proof to the government and we protected individuals from government's intervention.

□ 1415

Those are the kind of reforms that we entered this budget negotiation continuing to work for. We had a specific proposal, called Dollars to the Classroom, a proposal which Senator SLADE GORTON had been working on in the Senate and the gentleman from Pennsylvania (Mr. PITTS) had been working on over here.

It is a very simple idea. If we spend less money on bureaucracy in Washington, we can take that money and spend it in classrooms back home. Our model, the Republican model, was that local teachers, local parents, local students, in a local classroom, governed by a local school board, was the right place to solve education problems in America; that creating more Washington bureaucracies, with more effort in Washington, with more Washington red

tape, with more money spent in Washington, was not going to solve education, whether it was in Atlanta, Georgia, or Albany, New York, or Sacramento, California.

The trick was to get the money to the classroom. In fact, we passed in this House the initiative of the gentleman from Pennsylvania (Mr. PITTS), which guaranteed 95 percent of the money would go to the classroom.

I must say, with the leadership of the gentleman from Pennsylvania (Mr. GOODLING) and Senator SLADE GORTON, in the negotiations with the President over the last week, we did better than that. We took the President's proposal for new teachers, a proposal which was too narrow because it did not allow anyone to spend money on special education teachers; it was too Washington-based because it was going to have Washington red tape and a lot of the money was going to be eaten up in administration, and we changed it into a Dollars for the Classroom local support to hire teachers.

We changed it in a couple of very key ways. First of all, we said the local school board would make the decision, no new Federal bureaucracy, no new State bureaucracy, not a penny in the bill that was passed goes to pay for bureaucracy; all of it goes to the local school districts, the 14,000 school districts that make such a big difference in the United States.

Second, we said that the school district, the school board, could decide what kind of teachers they needed. They were not going to be trapped into the President's proposal of only first, second and third grade and only general teachers. If they needed special education teachers, they could get it. If they needed special aid teachers, they could get it. If they wanted to hire them for any grade level, they could choose.

So we had reestablished principles that we thought were very important. Yes, there will be teachers but they would be the teachers your community needed, picked by your school board and filling the kind of classes you think you need to solve your problems, and we included special education children and special education teachers in our proposal.

We thought it was a win-win. The President got to claim victory, but the fact is it is the American people who are better off and the children of America who are better off.

We insisted on the first increase in defense spending since 1985. For the last 13 years, we have been living off the Reagan buildup. President Reagan was committed to a strong American defense. We fought Desert Storm with President Reagan's military, and for years we have not had an increase; for years there has been a gradual decline in the amount that we have been investing in our military. Recently, the Joint Chiefs of Staff, the head of the Army, the Navy, the Air Force, the Marine Corps and the Chairman of the

Joint Chiefs, met with the President and said things had now declined from the President Reagan model, they had declined so much under President Clinton and Vice President GORE, the military had gotten so weak that the Joint Chiefs could no longer certify that the American military could lead around the world without risking dramatic casualties.

We Republicans have a very simple belief. We believe if a young man or a young woman has the moral courage, the patriotism, to join the American military, if they are willing to put on the uniform of the United States, then we, the citizens, owe it to these young men and women, that they have the best equipment, the best training and sufficient numbers to win decisively and with minimum loss of American life. That is our principle.

So I am proud to report to the House that we have built into this budget agreement the first increase in defense spending since 1985. It is \$9.5 billion towards defense intelligence and anti-drug interdiction and it is a very important building block to establishing America's commitment to leading the world, defending our country and making sure that our men and women in uniform have the best equipment, the best resources and the best training.

We also had an absolute commitment to saving our children from drugs. Here I want to commend the gentleman from Illinois (Mr. HASTERT), the gentleman from Ohio (Mr. PORTMAN) and the gentleman from Florida (Mr. MCCOLLUM) because they worked together leading a task force on the anti-drug effort. They worked with General Barry McCaffrey, the drug czar. We passed three very strong bills, a community-based antidrug effort, drug prevention, to make sure children know they should not be using drugs, and blocking drug dealers interdicting at the border, going after the drug czars down in places like Colombia and Peru.

Frankly, we had some arguments with the Clinton administration. We are much more committed to interdiction than the Clinton administration is, and it is a policy argument. I am not saying that they are in any way bad people. They would not approach this as aggressively as we would. They would not spend the kind of money on interdiction we would. They were not prepared to do some of the things that we thought was essential.

We held our ground, and we said we are going to pass strong antidrug legislation. We said we are going to be committed to actually funding the antidrug interdiction effort, and to his credit General Barry McCaffrey came up here, met with us and as a result we were able to write very strong antidrug legislation.

The gentleman from Florida (Mr. MCCOLLUM), who has worked on this for years, told me it is the most powerful antidrug legislation in congressional history. I think it is going to have a big impact. I think it was the right

thing to do, and I am proud that that is in this particular budget agreement.

We also had a totally different provision, one which Senator COATS of Indiana and the gentleman from Ohio (Mr. OXLEY) had been working on, one which said the Internet is a wonderful tool but children should not be exposed to pornography on the Internet; one which said that today all too often your child, if they learn how to use that computer, can be having access to pornography in a way which is totally inappropriate and that you ought to have an ability to make sure that that is not happening.

It is a very strong bill. Let me be clear about this. The bill that we put in, the anti-Internet pornography bill, is a strong child protection bill and I want to be clear that we have no, none, no reservations. We are not in any way embarrassed to say to people, you are darn right, we want to save our children. We think it is wonderful that kids are learning to use computers. We think it is vital for their future that they learn to use computers but they ought to do so in an environment that is safe for children.

This bill is in this agreement and I think it is a very powerful step forward in the right direction.

I could go on and talk about a wide range of issues. There are things that we did that were right. There were things the President got. There is no question under our constitution, when there is a liberal democrat as president and a conservative Republican Congress, when there are negotiations, if they are going to be successful, each side is going to have to work out agreements. No one is going to win everything, but I think what we have done is we have passed a very responsible agreement.

That money, which is set aside for emergencies, I think is legitimate and defensible. I do not want to go back and say I am not prepared to protect our embassies from terrorists. I do not want to go back and say to my folks in Atlanta and in Marietta and in Alpharetta that I am not prepared to make sure that our government has what it needs to solve the Year 2000 problem. I am not prepared to go back home and say that the farmers I have talked to, the fields I have looked at, the weather problems that are real, the price problems caused by Asia that are real, that I am going to walk off and write off American family farms.

I am not prepared to go back home and say that I am going to let young men and women in uniform have inadequate aircraft without spare parts in too few numbers with inadequate training so we are going to risk their lives if they are put in harm's way to defend America. I will not do that. So I am prepared to defend the emergency part of this.

The nonemergency parts, and I want to commend the Clinton administration, they came in with offsets, they provided a way to stay under the

spending caps in the nonemergency parts. We sustained the budget agreement of last year. As I said, the surplus for this year, even with this bill, is going to be somewhere between \$60 billion and \$80 billion in surplus, not deficit, money that can be used to save Social Security and money that can be used for tax cuts.

We have a few tiny tax cuts, \$9 billion worth over the next 10 years, much too small. I wanted a lot more. This House passed \$80 billion in tax cuts measured over 5 years, about \$175 billion over 10 years. That was close to the right size, still not as big as I would have liked. The American people deserve to have the money back in their pockets. They are the ones who are working and paying the taxes. It is their surplus, but we did get an extension of the research and development tax credit, which is very important, because it represents a commitment that we Republicans are particularly proud of.

We believe in the Information Age it is important to invest in science. It is important to invest in research. We believe we are on the edge of tremendous breakthroughs in medicine. That is why this budget agreement includes tremendous increases in resources for the National Institutes of Health. Earlier we funded the National Science Foundation.

When you look at the potential breakthroughs that we are seeing in diabetes, that we are seeing in AIDS, that we are seeing in cancer, that we are seeing in heart disease, the work that we in this Congress have begun to push on Alzheimer's disease, the work we are doing on Parkinson's disease, the possibilities, for example, of dealing with prostate and breast cancer, I have a sister who is going to have her seventh anniversary as a breast cancer survivor on Halloween. I know when I talk to Robbie I know how it is important that we are doing the kind of research we are on breast cancer.

I lost both my father and my stepfather to lung cancer. My best friend I lost to pancreatic cancer when he was 49. I know how vital it is that we have the resources going into the National Institutes of Health, and I know for American business and job creation and the future of this country in the world market how vital it is that we also have money that is going through the R&D tax credit.

There is one other area that is very controversial that I want to mention because I want to be very up front about it. Yes, we have funding for the International Monetary Fund in this bill. Several of my good friends have said to me, I would like to vote yes when we have a chance on Tuesday but how do I go home and explain that?

I think there are two very profound explanations. First of all, when looking at the economic problems in Russia, looking at the economic problems in Indonesia, looking at concerns that have been expressed about Brazil, look-

ing at the concerns that are currently being expressed about Japan and Korea, I am not sure this is a very good time to take a big, gigantic gamble with the world economy.

I used to be a college teacher. The gentleman from Texas (Mr. ARMEY), the majority leader, used to be a professor of economics. He wrote textbooks on economics. He is a hard line conservative. It is one thing to be out in the classroom with a chalk board explaining theoretically what to do, but we now bear the responsibility, as the leadership of the House, and I am not prepared to take a river boat gamble and decide let us just eliminate the IMF funding and see how things work for the next year and, by the way, if the world economy crashes and we end up in the great depression, that will be an interesting experiment.

I think that is, frankly, irresponsible. We have to fund the IMF because we are the leader of the world. No one else can lead the world. No other country will invest in the IMF unless the U.S. does, and while I have big questions about the International Monetary Fund, while I think they are frankly not always following the right policies, it is clear that it would be a very, very large gamble to walk off, leave them without resources and then if there is a crisis not be able to deal with it.

On the other hand, as the gentleman from Texas (Mr. ARMEY) said, and I believe in a historic intervention, the gentleman from Texas (Mr. ARMEY) began a year ago to say the American people deserve to know what the IMF is doing with their money. He said this organization is more secret than the Federal Reserve. He said we cannot come to the elected people who represent America and say to them we are going to invest \$18 billion in the IMF and not know what is being done with it, not know what decisions they are making, not hold them accountable. He was very clear. He said no accountability, no money.

We met with Secretary Rubin, and I want to frankly put in a word of praise for Secretary Bob Rubin. He had been a businessman. He had been a deal maker. He understood how you had to sit in a room and say, all right, if I am going to get A, you are going to get B.

We said to him flatly, you want 18 billion phony dollars, then give us phony reforms. You want 18 billion real dollars, we want real reforms. To his credit, he said I get it.

Secretary Rubin, I think, did a tremendous job of sitting down with the gentleman from Texas (Mr. ARMEY), the majority leader, working out real reforms, and let me say how real they are. The Secretary of the Treasury and the chairman of the Federal Reserve both have to submit a report to Congress that they have convinced all 7 nations, that are the leaders of the IMF, that all 7 have to be committed to the Armeys reforms.

□ 1430

All seven have to sign up that they are going to insist that the IMF adopt the Armeys reforms. What do the Armeys reforms say? They say first of all when the IMF makes a loan, the minutes of that decision, the documents relating to that decision in a timely manner have to be made public. We get to find out what is happening with the money, why is it being done, and hold them accountable for it. It says, second, when a loan is being made to a country that has had a bad series of economic decisions, that country has to pay above the market rate at which the IMF is getting its money, I think the minimum is 300 basis points, 3 percent above the market rate, which is a substantial penalty for bad behavior, so we begin to reestablish moral hazard, but you do not have some nice, easy, cheap money bank over here, "Go ahead and run your country in a bad way and you can always get the money from the internal bureaucrats." We start to establish a real standard of real involvement and real oversight. Any student of the International Monetary Fund will tell you that a year ago, it would have been impossible to have imposed these kind of genuine, deep, real reforms. I think that DICK ARMEY deserves a lot of credit because he stood up when a lot of people who thought they were sophisticated attacked it. Now, he was surrounded by people like former Secretary of State and Treasury George Shultz. He did have support from people like Nobel prize winner Milton Friedman. But I think it says a lot for Dr. ARMEY, an economist in his own right, that we got this done.

So I can go home and say to my most conservative constituents, I am prepared to help support the world economy, I am prepared to make sure that we have the resources collectively so we do not have an international collapse, but I am prepared to do it only with real guaranteed reforms that make the IMF accountable to the American people and that for the first time ever establishes a legislative oversight board so that all the democracies will have elected legislators reviewing the IMF for the first time in history and that is an important step in the right direction towards dealing with the emerging world market.

Let me summarize. Four years ago, we campaigned at exactly this time and said there is a Contract With America and we are serious, we will keep our words. We passed welfare reform and it is working. We passed a bill to save Medicare without raising the FICA tax, and it is working. We passed a bill to balance the budget, and the budget is now in its second year of being balanced. And not barely tiny balanced by some sleight of hand but \$71 billion last year, and \$60 to \$80 billion this year in surplus, something most Americans did not think they would hear in their lifetime, and we are setting the stage to come back in January and begin to save Social Security.

We have a budget agreement which we will vote on Tuesday which is the best agreement you could get when you have a conservative Republican Congress and a liberal Democratic President sit down side by side and negotiate, and I think it is an agreement which is good for the American people with local control of education, with special education children and teachers being helped, with our military being strengthened, with the International Monetary Fund being reformed, very serious steps with a strong war on drugs, and with Internet pornography being blocked from our children.

I yield to my good friend from California.

Mr. HUNTER. I thank the Speaker for yielding. I was watching his remarks over the last several minutes. I want to thank him and all the others who worked for a strong national defense in this emergency supplemental. It is very, very critical. I would simply ask him to talk a little bit about the fact that the North Koreans now have an ICBM capability.

Mr. GINGRICH. The gentleman from California has been involved as a member of the Committee on National Security and chairman of a key subcommittee. Would he just share with the audience for a minute the kind of problems we are having with readiness and with equipment and personnel and with pilot retention, and why it is so vital that for the first time since 1985 we have begun to rebuild defense so that every pro-defense conservative will understand why they should vote "yes" next Tuesday for this agreement.

Mr. HUNTER. I thank the Speaker for the opportunity to talk a little bit about what has happened to defense under this administration. We are going to be about 800 pilots short in the Air Force this year. We are already about 18,000 sailors short in manning the ships. When I talk about the ships, it is not 600 ships anymore, it is only about 330 ships in the United States Navy. We are about \$1.6 billion short in basic ammunition for the men and women of the United States Army. We are about \$193 million short of basic ammunition for the United States Marine Corps. Our aircraft, which have a certain mission capability rate, that means if you have 10 airplanes in the hangar or 10 airplanes on the carrier deck, how many of those planes will be able to fly out if they are called for a mission. Our aircraft mission capability rate has fallen from about 72 percent on the average, Navy, Marine and Air Force, to about 61 or 62 percent, a massive fall in what we call mission capability.

Mr. GINGRICH. I want to make sure that our audience and Members all understand what we have just said. Four out of every 10 aircraft, in a smaller Air Force, in a smaller Navy, 4 out of every 10 aircraft are not today mission capable at a 100 percent rate. We have fewer aircraft, fewer pilots. It is not like this was from the Reagan buildup.

We have been sliding now for a decade. And in the smaller system, 4 out of every 10 aircraft are not capable, completely capable of their missions.

Mr. HUNTER. The Speaker is exactly right. That means out of 10 aircraft that are on the line when you call for them to do their mission operation to carry out their mission, only about 60 percent, a little over 60 percent of those aircraft are capable of doing it, and that is after we have cut our air wings from 24 to 13 fighter air wings. So we have roughly half the air power that we had during Desert Storm. And even those aircraft, those reduced squadrons, are becoming very unready.

Mr. GINGRICH. I think it is really important to slow down so people lock in their head how bad the deterioration under Clinton and GORE has been of our military. We have about half as many aircraft in the Air Force and 60 percent of those are mission ready.

Mr. HUNTER. That is exactly right.

Mr. GINGRICH. So we probably have about 35 to 40 percent as many aircraft that are mission ready as we would have had at the peak of the Reagan buildup.

Mr. HUNTER. That is exactly right. Let me mention something else that I know struck the Speaker and JERRY SOLOMON, chairman of the Committee on Rules and many others who are concerned about national defense. We have been looking at accident rates. I have one member on my staff who just cares about the people that fly aircraft, and he gives me the weekly accident rate. That means helicopters and aircraft that have just crashed during the year. We now have had 43 of them crash, at least according to my estimates and my reports, this year. That is almost more aircraft than we are building but it also claimed about 70 lives. The Navy reports that they have more crashes this year per thousand flying hours than they had last year, roughly twice as many. Now, last year we had what was considered to be a very good year in the Navy in terms of a safety record. But they mentioned when they came over and briefed the defense committees in this body and the other body that this is something that they are very concerned about. So at a time when we are trying to get pilots to do two things, one we are trying to get our experienced pilots to stay in and they are not staying in. The rate of leaving the services for senior pilots who could stay in, who could opt to stay in in the Marines is now 92 percent. That means 92 percent of them are leaving. Only 8 percent are staying who are eligible. But the way to instill morale and to instill a desire to stay in the service is to show that you are buying the absolute best aircraft for these people and that you are giving them all the training hours that they need, which we are not now doing, and that you are giving them all the spare parts that they need that they are not now doing.

This brings me back to my point. The Speaker and his negotiators got 9 bil-

lion extra dollars for national security, for this vital national security function which is inadequate right now, which is being abandoned. I know you did that at great pain, and I realize the President is half this process. And the President got some of the things that he wants in this bill. I would simply say to every conservative and every Republican or Democrat or independent who believes in a strong national defense for America is that the money that you got to restore these readiness accounts, the money that you got to restore our program for a national missile defense which we still do not have, even as North Korea builds an ICBM, the money that you got for the other problems with the military far outweighs any concessions, in my estimation, that were made to the Clinton administration.

Mr. GINGRICH. I thank my friend. Let me just close by building on what he just said. We came in with a contract with America in 1994. In 1995 and 1996 we passed balanced budget agreements which the President vetoed, we fought to balance the budget. We did get the President to sign welfare reform. In 1997 we became the first re-elected Republican Congress since 1928. At that time we insisted on saving Medicare, on balancing the budget and on cutting taxes. Those are the three great achievements of 1997. This year we began with reforms such as the Internal Revenue Service reform bill, which was a very important step in the right direction that we passed in June, that was signed into law. We began to work on ideas like dollars to the classroom to eliminate Federal bureaucracy and get the money back home to local schools and local teachers. Now we have a sound, solid, bipartisan budget agreement which frankly both sides agree to, which is good for America and which has a wide range of things.

Next year if we come back in the majority, we will save Social Security with a major bill using a large part of the surplus to save Social Security without cutting benefits or raising taxes, we will pass a very major tax cut, including, I hope, abolishing the death tax so that people no longer are punished if they work and save all their lives. We will also continue to strengthen defense, continue to work on winning the war on drugs, continue to reform education, and continue to move towards a more modern, more effective computer age government that costs less and provides better services and better defenses at less cost. I think all of this is possible. I think we can be very proud of this Congress. I think we can be very proud of this budget agreement. I hope on Tuesday we will have a resounding vote to make sure the American people know that we are working in a practical, commonsense way.